

Message Text

CONFIDENTIAL

PAGE 01 JAKART 05227 01 OF 02 010022Z

64

ACTION EA-14

INFO OCT-01 ISO-00 AID-20 CPR-02 PER-05 PPT-02 SCA-01 ST-01

A-01 IO-14 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 DRC-01 IGA-02 TRSE-00 /138 W

----- 119625

P R 300605Z APR 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 2037

INFO AMCONSUL MEDAN

AMCONSUL SURABAYA

USMISSION USUN

C O N F I D E N T I A L SECTION 1 OF 2 JAKARTA 5227

E.O. 11652: GDS

TAGS: ATRN, CPAS, APER, ID

SUBJ: GOI BAN ON AUTOMOBILE IMPORTS

REFS: A) STATE 084110 (NOTAL) B) JAKARTA 4779 (NOTAL)

SUMMARY: IN APRIL 29 MEETING, I CONVEYED FURTHER COMMENTS (CASED IN PART ON DEPARTMENT'S HELPFUL REF A) ON GOI AUTO IMPORT POLICY TO STATE MINISTER SUDHARMONO. I STRESSED TO SUDHARMONO AND, LATER, TO FONMIN MALIK THAT, FROM VIEWPOINT OF BOTH GOI AND FRIENDS OF INDONESIA WITHIN USG, THERE COULD BE NO WORSE TIME FOR GOI ACTIONS WHICH MIGHT REQUIRE RE-NEGOTIATION OF AID BILATERAL -- FOR THIS, PLUS RESTRICTIONS UPON CAR IMPORTS BY US MISSION AND EXPERTS, COULD FOCUS CONGRESSIONAL ATTENTION ON WHOLE QUESTION OF AID TO INDONESIA IN ADVERSE MANNER. ALSO I EXPRESSED TO BOTH READINESS TO MAKE SIMILAR PRESENTATION TO PRESIDENT SUHARTO HIMSELF. SUDHARMONO SAID IMPORT POLICY AS OF NOW REMAINS UNCHANGED BUT INDICATED SOLUTION

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKART 05227 01 OF 02 010022Z

COVERING CARS ALREADY IN PORT AS OF APRIL 22 IS

IMMINENT -- AND WAS SUFFICIENTLY CONCERNED BY STRENGTH OUR COMMENTS TO SAY THEY "VERY HEAVY" TO HEAR AND WOULD BE CONSIDERED IN FURTHER GOI DISCUSSIONS. END SUMMARY

1. I MET AGAIN WITH MINISTER OF STATE (GENERAL) SUDHARMONO APRIL 29. I SAID MY PRINCIPAL PURPOSE WAS TO PRESENT FURTHER THOUGHTS OF WASHINGTON REF A) AND MISSION TO VARIOUS POSSIBILITIES HE HAD RAISED DURING OUR LAST MEETING (REF B).

2. SUDHARMONO INTERJECTED THAT SOLUTION FOR VEHICLES NOW IN PORT IS IMMINENT AND IMPLIED SOLUTION WOULD BE TO RELEASE ALL VEHICLES CLEARLY IDENTIFIABLE AS BELONGING TO EMBASSIES, THEIR STAFF AND EXPERTS/TECHNICIANS ACTUALLY IN PORT AS OF APRIL 22. I GAVE SUDHARMONO LIST OF VEHICLES OF US PERSONNEL IN THIS CATEGORY AND OF VEHICLES STILL IN TRANSIT ORDERED PRIOR TO JANUARY 22 REGULATION.

3. ON LARGER PROBLEM, I SAID BOTH WASHINGTON AND MISSION FEEL ANY SOLUTION OTHER THAN RETURN TO IMPORT PRIVILEGES PREVIOUSLY AFFORDED TO NON-DIPLOMATIC STAFF AND EXTENDED UNDER BILATERAL AGREEMENT COVERING AID PERSONNEL WILL CREATE SERIOUS PROBLEMS. IN CASE OF VEHICLES FOR OFFICIAL USE, I NOTED EMBASSY AND AID ARE SUBJECT TO LIMITATION SET BY CONGRESS OF \$2,100 PER VEHICLE; COST OF COMPARABLE CAR IN INDONESIA EVEN WITHOUT TAX, ACCORDING OUR ESTIMATE, WOULD BE SOMEWHERE BETWEEN \$4,000 AND \$5,000 -- FAR ABOVE LIMITATION. SUDHARMONO DID NOT DISPUTE THIS FIGURE.

4. IN CASE OF INDIVIDUALS, COST WOULD ALSO BE VERY HIGH AND CARS WOULD BE DIFFICULT GET AND MAINTAIN LOCALLY. I NOTED INDIVIDUALS CAN PURCHASE IN US, AND HAVE TRANSPORTED TO INDONESIA AT USG EXPENSE, MANY TYPES OF VEHICLES FOR PRICE IN RANGE OF \$3,000 OR BELOW.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 JAKART 05227 01 OF 02 010022Z

5. RE POSSIBILITY OF IMPORTING ALL CARS IN AMBASSADOR'S NAME, I SAID USG HAS DONE THIS ELSEWHERE ONLY IN RARE CASES. THERE IS, HOWEVER, NO LAW OR REGULATION PROHIBITING IT AND IF THIS WOULD BE HELPFUL IN FINDING SOLUTION IN INDONESIA, WE COULD CONSIDER IT.

6. SUGGESTION THAT ALL PERSONNEL BE PLACED ON DIPLOMATIC LIST, I SAID, PRESENTS PROBLEMS SINCE US POLICY AND PRACTICE IS TO ISSUE DIPLOMATIC PASSPORTS ONLY TO PERSONNEL PERFORMING DIPLOMATIC FUNCTIONS, THOUGH IT IS UP TO EMBASSY AND HOST GOVERNMENT TO DECIDE WHO SHALL BE ON DIPLOMATIC LIST.

7. I ENDED THIS PART OF DISCUSSION BY NOTING THERE IS ONLY ONE COUNTRY IN WORLD, BURMA, WHICH LIMITS DUTY-FREE IMPORT VEHICLES TO PERSONNEL ON DIPLOMATIC LIST -- NOTING ALSO THERE ARE FEW AID MISSIONS THERE.

8. SUDHARMONO EXPRESSED APPRECIATION FOR THESE THOUGHTS AND SAID THEY WOULD BE TAKEN INTO CONSIDERATION. NEVERTHELESS, HE SAID, DECISION AS OF NOW REMAINS THAT DUTY-FREE IMPORT OF SEDANS AND STATION WAGONS WILL BE LIMITED TO PERSONNEL ON DIPLOMATIC LIST. IF MISSION ITSELF OR MISSION PERSONNEL NOT ON DIPLOMATIC LIST WANT SEDANS OR STATION WAGONS, GOI THINKING IS THAT THEY WILL HAVE TO PURCHASE LOCALLY ON TAX-FREE BASIS. I ASKED HOW THIS WOULD BE POSSIBLE FOR US MISSION, GIVEN CONGRESSIONAL LIMITATION ON COSTS AND HIGH PRICES OF LOCALLY ASSEMBLED SEDANS AND STATION WAGONS WHICH, AT MINIMUM, 100 PERCENT HIGHER THAN COST OF IMPORTED EQUIVALENT.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 JAKART 05227 02 OF 02 010313Z

64

ACTION EA-14

INFO OCT-01 ISO-00 AID-20 CPR-02 PER-05 PPT-02 SCA-01 ST-01

A-01 IO-14 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 DRC-01 IGA-02 TRSE-00 /138 W

----- 121338

P R 300605Z APR 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 2038
INFO AMCONSUL MEDAN
AMCONSUL SURABAYA
USMISSION USUN

C O N F I D E N T I A L SECTION 2 OF 2 JAKARTA 5227

9. SUDHARMONO ALSO MENTIONED AGAIN -- AS IN PREVIOUS MEETING -- THAT REVISION OF AID BILATERAL AGREEMENT MIGHT BE NECESSARY. IN REPLY, I SAID I DID NOT WANT TO DRAMATIZE SITUATION BUT I FELT AN OBLIGATION TO GIVE FRANK REACTION: IF THIS WERE INDONESIAN DECISION, THERE COULD BE NO WORSE TIME FOR INDONESIA TO CHOOSE COURSE INVOLVING RE-NEGOTIATION OF BILATERAL AID AGREEMENT. I REMINDED HIM THAT PRESIDENT SUHARTO HAD RECENTLY EXPRESSED ""TO ME AND SECRETARY SHULTZ -- REGRET AT INABILITY OF USG TO MEET PLANNED AID LEVELS. I SAID ALL US OFFICIALS -- WHETHER IN WASHINGTON OR JAKARTA -- WHO VALUE NATURE OF US/INDONESIAN RELATIONS WORKING VERY HARD TO SECURE THE MAXIMUM POSSIBLE AMOUNT OF AID FUNDS FROM CONGRESS. RE-NEGOTIATION OF ANY PART OF AID AGREEMENT AND RESTRICTIONS PLACED UPON IMPORTATION OF OFFICIAL (NOT TO MENTION EXPERTS') VEHICLES, COULD RAISE WHOLE QUESTION OF AID TO INDONESIA IN MANNER NOT BENEFICIAL TO EITHER GOI OR TO THOSE IN US SUPPORTING CONTINUED ASSISTANCE TO INDONESIA. SAME MAY WELL APPLY TO ALL IGGI MEMBERS. CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKARTA 05227 02 OF 02 010313Z

10. RE PRIVATELY OWNED VEHICLES FOR EXPERTS, I STRESSED OUR CONCERN IS FOR FAR MORE THAN PERSONAL CONVENIENCE OF INDIVIDUALS: GOI POLICY WOULD AFFECT ABILITY TO RECRUIT TECHNICIANS. MY EXPERIENCE ELSEWHERE ON SUCH QUESTIONS HAD CONVINCED ME THAT SUBJECT OF AUTOMOBILES IS VERY SENSITIVE ONE TO EXPERTS AND TECHNCIANS -- AND INABILITY TO HAVE VEHICLE OF TYPE AND COST DESIRED HAS RAPID AND ADVERSE EFFECTS.

11. I SAID THAT IF IT WOULD BE HELPFUL, I WOULD BE QUITE WILLING TO PRESENT THESE SAME THOUGHTS AND CONCERNS TO PRESIDENT SUHARTO DIRECTLY.

12. SUDHARMONO, LOOKING SLIGHTLY NONPLUSSED, SAID MY WORDS WERE "VERY HEAVY" FOR HIM TO HEAR AND HE WAS NOT PREPARED TO REPLY AT THIS STAGE. HE STRESSED THAT GOI POLICY NOW IN EFFECT IS NOT INTENDED TO QUESTION IGGI COUNTRIES' AID POLICIES TOWARD INDONESIA; INTENTION, RATHER,

IS TO SHOW INDONESIA HAS DEVELOPED, HAS MADE GOOD USE OF ITS AID, AND NOW HAS CAPABILITY TO ASSEMBLE SEDANS AND STATION WAGONS DOMESTICALLY. HE SAID GOI SEEMS IN NEED OF MUCH BETTER EXPLANATION SO AUTOMOBILE POLICY WOULD BE BETTER UNDERSTOOD ABROAD. HE SAID HE WOULD LIKE TO HAVE MY COMMENTS, PARTICULARLY ON AID AGREEMENT IN WRITING. I PROMISED TO PROVIDE AND AM SENDING PROPOSED TEXT OF LETTER INSEPARATE TELEGRAM.

13. RE POSSIBLE NEED REVISE AID AGREEMENTS, HE SAID SUBSTANTIVE CHANGES WOULD NOT SEEM NECESSARY, ONLY "MINOR CHAGES" SO THAT AGREEMENTS WOULD BE IN CONFORMITY WITH THE NEW GOI POLICY TOWARD IMPORTS. IF THERE IS NO CONFLICT BETWEEN AGREEMENT AND GOI POLICY, HE SAID THERE WOULD BE NO NEED FOR REVISION.

14. HE AGAIN RAISED QUESTION OF ALL US EXPERTS BEING GIVEN DIPLOMATIC STATUS. I NOTED UNDP
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 JAKART 05227 02 OF 02 010313Z

PERSONNEL ALSO AFFECTED AND IT IS UNDP, WE UNDERSTAND, WHICH WOULD RAISE PROBLEM AT IGGI MEETING. I THEN NOTED AGAIN THAT NO LEGAL BAR ON US SIDE TO INDONESIA'S ADDING LARGER NUMBERS OF PERSONNEL TO DIPLOMATIC LIST -- BUT SAID THIS COULD CREATE PROBLEMS FOR BOTH USG AND GOI. IN ANY CASE, I SAID, THIS WOULD NOT SOLVE PROBLEM OF VEHICLES NEEDED BY MISSION FOR ITS OFFICIAL USE.

15. SUDHARMONO COMMENTED SOVIETS CLAIM THERE ARE NO PRIVATELY-OWNED VEHICLES BUT ONLY MISSION VEHICLES. GOI PLANS DEAL WITH THIS BY LIMITED NUMBER OF CARS IMPORTED BY MISSION TO NUMBER OF PEOPLE ON DIPLOMATIC LIST. HE STRESSED GOI HAD NOT SOUGHT SOVIET AGREEMENT TO THIS POLICY -- WOULD SIMPLY IMPLEMENT IT.

16. I THEN DECIDED TO READY VERBATIM INTRODUCTORY PARAGRAPH OF REF A IN ORDER UNDERLINE SERIOUS CONCERN OF USG WITH WHOLE PROBLEM. I ASKED WHETHER GOI HAD LOOKED INTO QUESTION OF SUPPLY AND DEMAND, I.E. IS THERE SUFFICIENT PRODUCTION OF DOMESTICALLY-ASSEMBLED CARS TO MEET DEMAND OF FOREIGNERS WHICH WOULD ARISE UNDER NEW POLICY. SUDHARMONO SAID GOI THINKING OF SETTING ASIDE ROUGHLY 10 PERCENT (E.E. 1,500 TO 2,000 VEHICLES) OF CURRENT

PRODUCTION FOR FOREIGN PERSONNEL. HE NOTED GOI INTENDS CUT DOWN ON NUMBER OF SEDANS/STATION WAGONS OWNED BY PRIVATE INDONESIANS, AND THEREFORE, IS NOT DISTURBED BY WAITING LIST FOR SUCH VEHICLES.

17. SUDHARMONO ENDED CONVERSATION BY SAYING HE APPRECIATED MY COMMENTS, THAT DECISION AS OF NOW REMAINS AS EXPLAINED EARLIER, AND THAT GOI WILL GIVE PRIORITY CONSIDERATION TO SOLUTION OF VEHICLES NOW IN PORT. HE ASSURED ME, HOWEVER, THOUGHTS PRESENTED TODAY WOULD BE TAKEN INTO CONSIDERATION IN FURTHER DISCUSSION INVOLVING MINISTERS OF TRADE AND FOREIGN AFFAIRS. HE ALSO CONFIDENTIAL

CONFIDENTIAL

PAGE 04 JAKART 05227 02 OF 02 010313Z

MADE CLEAR HE UNDERSTOOD MY WILLINGNESS TO GO OVER SIMILAR GROUND WITH PRESIDENT SUHARTO PERSONALLY IF THIS WOULD BE HELPFUL.

18. AT RECEPTION IN EVENING, I SPOKE BRIEFLY TO FONMIN MALIK TO GET ACROSS POINT IN PARA 9 ABOVE THAT NOW IS VERY BAD TIME FOR GOI ACTIONS (E.G. RE-NEGOTIATION OF BILATERAL) WHICH FOCUS ATTENTION ON US AID PROGRAMS FOR INDONESIA. MALIK SAID HE UNDERSTOOD AND WOULD SEE WHAT HE COULD DO.

19. TWO TELEGRAMS FOLLOW WITH A) TEXT OF PROPOSED LETTER AND B) MY COMMENTS ON SITUATION. THESE MESSAGES BEING REPEATED USUN IN EVENT NEW YORK WISHES DISCUSS MATTER WITH UNDP HEADQUARTERS. DEPARTMENT MAY WISH SEND UNDP EARLIER BACKGROUND. NEWSOM

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 30 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: blochd0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974JAKART05227
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740103-0764
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974043/aaaaacge.tel
Line Count: 314
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A) STATE 084110 (NOTAL) B) JAKARTA 4, 779 (NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: blochd0
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUN 2005
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 JUL 2002 by kelleyw0>; APPROVED <26 MAR 2003 by BoyleJA>; WITHDRAWN <13 Jun 2005 by BoyleJA, PRIVACY>; RELEASED <15 JUN 2005 by powellba2>; APPROVED <17 JUN 2005 by blochd0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOI BAN ON AUTOMOBILE IMPORTS
TAGS: ATRN, CPAS, APER, ID
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005